

Board of Public Utilities

**In the Matter of a Voluntary Green Power Choice Program
Docket No. E00501001**

Comments of the Mid-Atlantic Power Supply Association

February 18, 2005

The Mid-Atlantic Power Supply Association ("MAPSA") submits the following comments on the proposed New Jersey Green Power Choice Program ("GPC Program" or "Program") of the Board of Public Utilities ("Board").

MAPSA is a trade association organized to support the development of competitive energy markets. The members of MAPSA are active participants in New Jersey's retail electric power market and are dedicated to providing their customers with competitively priced electricity and energy services.

MAPSA notes that the Office of Clean Energy's draft proposal states that "[t]he Program is designed to be consistent with the governing principles of New Jersey's competitive electricity market." Draft Proposal, p. 6. MAPSA further notes that the Board has made a preliminary finding that the Program will introduce "greater reliance on competitive energy markets." *Order Releasing Proposal for Public Comment*, January 12, 2005, p. 6.

"Greater reliance on competitive markets" is, of course, a phrase that MAPSA can only applaud. In the interest of greater reliance on competitive markets, therefore, MAPSA offers two recommendations – recommendations that reflect concepts that were included in earlier drafts of the proposed Program.

First, MAPSA asks that the Program be limited to residential customers.¹ MAPSA notes that the GPC Program is an enhancement to Basic Generation Service ("BGS"), whereby customers receiving BGS may, by purchasing Renewable Energy Certificates

¹ The concept that the GPC Program had at one point been intended to be limited to residential customers survives in the subject draft, which states at page 5 that one of the Program's goals is to "empower *individuals* to make choices about their energy use" Emphasis added.

("RECs"), encourage the development of renewable energy sources *without switching to a competitive third-party supplier* ("TPS"). Draft Proposal, p. 4.

All involved acknowledge that competition in New Jersey's residential electric market has not – for a variety of reasons and despite initial high hopes – been a resounding success. The commercial and industrial market, however, is a different story. The commercial and industrial market *is* competitive. MAPSA's members and the other TPSs are competing every day for the business of New Jersey's commercial and industrial electric customers. And they compete not just on price for the core electric service but also with enhanced energy products and services, including renewable energy and green power offerings. MAPSA submits that it would be totally *inconsistent* with the governing principles of New Jersey's competitive electricity market to place the TPSs in competition with a subsidized green power offering to commercial and industrial customers. MAPSA asks, therefore, that the Board, in its order implementing the GPC Program, limit its availability to residential customers.

Second, MAPSA asks that the Board make clear that this GPC Program is transitional and transformational, eventually to be withdrawn as robust retail competition returns (in the not so distant future, MAPSA hopes) to the residential market. At present, almost all residential customers receive BGS, which is the default service provided to any customer who has not chosen an alternative supplier. BGS is *not* a competitive service. *N.J.S.A. 48:3-51*. The Board's intention, however, is that, through the GPC Program, customers will come to place greater reliance on the competitive market.

Therefore, as the Board's evolving policies foster the development of a flourishing, truly competitive retail residential electric market – one in which the participating green power marketers will be positioned to sell, not RECs, but full service renewable electric power – the Board should end this GPC Program. At such point, as with the issue discussed above, it would be inconsistent with the governing principles of New Jersey's competitive electricity market to have TPSs compete with a subsidized green power offering. MAPSA asks, therefore, that the Board, in its order implementing the GPC Program, provide notice and guidance to green power marketers, to customers and to Staff that GPC Program is intended to expire in five years or upon a finding by the Board of sustainable competition in the residential market, whichever is sooner. The assessment

of the residential market could be made as a part of the Board's annual review of the provision of BGS.

MAPSA trusts that these comments will be helpful as the Board considers how best to integrate the GPC Program into New Jersey's electric market.